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The Deputy Director of Central Intelligence

Washington, D.C. 20505

Executive Registry

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MEMORANDUM FOR: The President
The Secretary of State
The Secretary of Defense
Assistant to the President for National
Security Affairs

SUBJECT: Message from DCI

Bill Casey has asked me to pass the following on to you:

"1. Had interesting discussions on Libya and international terrorism



3. We discussed Qadhafi as most visible and most vulnerable symbol of state-backed terrorism as well as most flagrant practitioner at levels ranging from directing fire at British public to destabilizing small African states. Both British, in aftermath of firing from Peoples Bureau in London, and France, with its forces facing Libyan forces in Chad, have current rationale to join in concerted action. There are many signs of increasing vulnerability to internal dissidents in Libyan army and public. Glut in oil market may make it easier for Libyan oil consumers to join in concerted economic squeeze. U.S. has hesitated to restrict American firms from assisting Libya or producing and marketing oil on basis that French and British firms would quickly step in. Today those governments have reason to restrain their firms from doing this. CIA vulnerability study currently available [redacted]

[redacted] suggest that concerted economic pressure

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from external sources combined with likely internal reactions to economic squeeze attributable to Qadhafi offers reasonable chance of upsetting Qadhafi in some degree within six months.

3. [REDACTED]

[REDACTED] Thought it possibly useful background for terrorism subject at Summit. Probably not suitable for specific discussion there. More likely to be meaningful follow-up action by appropriate group of countries following up general Summit commitment to concerted action against state terrorism."

[REDACTED]
John N. McMahon**SECRET**